

No. 10 /43/DPM

Jakarta, December 5, 2008

CIRCULAR LETTER

To

ALL COMMERCIAL BANKS

Subject : Second Amendment to Bank Indonesia Circular Letter Number 10/2/DPM dated January 31, 2008, concerning Repurchase Agreement Transactions with Bank Indonesia in Secondary Market.

Following the improvement of Bank Indonesia - Scripless Securities Settlement System relating with the implementation of monetary policy in transactions under repurchase agreement with Bank Indonesia in Secondary Market and improvement of Bank Indonesia stipulation concerning Intraday Liquidity Facility, it is deemed necessary to amend provisions of chapter III of Bank Indonesia Circular Letter Number 10/2/DPM dated January 31, 2008, concerning Repurchase Agreement Transactions with Bank Indonesia in Secondary Market as amended by Bank Indonesia Circular Letter Number 10/24/DPM dated July 14, 2008, as follows.

Provisions in Chapter III shall be amended to read as follows.

III. SECURITIES REQUIREMENTS AND VALUES

1. Securities tradable under Repo are SBI and/or SUN of Bank as registered in Trading Account with the BI-SSSS
2. On the Repo maturity date Securities under Repo shall still have remaining days to maturity at least of :

a. 2 (two) ...

- a. 2 (two) business days for SBI and SPN; or
 - b. 10 (ten) business days for Treasury Bond including Retail Treasury Bond (ORI) and Zero Coupon Bond (ZCB).
3. If a Repo transaction originates from unpaid Intraday Liquidity Facility, on the Repo transaction maturity date the Securities under Repo shall still have remaining days to maturity at least of :
 - a. 1 (one) business day for SBI and SPN; or
 - b. 9 (nine) business days for Treasury Bond including ORI and ZCB.
4. Any Securities tradable under Repo by a Bank shall amount to the maximum nominal value of Securities held by the Bank.
5. Bank Indonesia shall determine and announce price of Securities tradable under Repo with provisions as follows.
 - a. SBI price shall be determined taking into account of weighted average discount rate on issuance and remaining days to maturity of each SBI series.
 - b. SUN price shall be determined taking into account of market price of each SUN type and series.
6. To prescribe Repo Selling settlement value, Bank Indonesia shall determine a Haircut rate of each type and series of Securities
7. Securities price used in the computation of Securities selling on Repo transaction date (first leg) shall be the same with the Securities price applied in the calculation of Securities repurchase on the Repo transaction maturity date (second leg).
8. Bank Indonesia shall stipulate types and/or series of Securities tradable under Repo.

Provisions in this Bank Indonesia Circular Letter shall come into force as of December 9, 2008.

For ...

For the public to be informed, it is ordered that this Bank Indonesia Circular Letter be promulgated in the Official Government Gazette of the Republic of Indonesia.

Please be informed accordingly.

BANK INDONESIA,

EDDY SULAEMAN YUSUF

DIRECTOR OF MONETARY MANAGEMENT

DPM